

City of Norfolk, Virginia

Audit Results

City Council Presentation
Year Ended June 30, 2021



Create Opportunities

Agenda

- Scope
- Summary of audit results
- Highlights/New Pronouncements
- Required communications
- Questions



Scope

Scope

- Audit of the City, Schools (Component Unit), Economic Development Authority (Component Unit), Employees' Retirement System (Fiduciary Trust Fund), Water Utility Fund (Enterprise Fund) and Wastewater Utility Fund (Enterprise Fund)
- Single audit (audit of federal awards)
- Agreed Upon Procedures and Examinations required by the Auditor of Public Accounts (APA)

Applicable Financial Reporting Framework

- U.S. Generally Accepted Accounting Principles (GAAP)

Applicable Auditing Standards

- U.S. Generally Accepted Auditing Standards (GAAS)
- Government Auditing Standards (GAS)
- Uniform Guidance
- APA Specifications

Other Terms of Engagement

- Understand and test internal controls for the purposes of determining nature, timing and extent of substantive audit procedures and tests of compliance
- Comments on controls, operations and/or best practice recommendations (management letter)
- Required communications to the City Council
- Data Collection Form
- Other deliverables – Sheriff Examination, Comparative Transmittal AUP, Landfill AUP



Audit Results

- **Auditors' Opinion on Financial Statements**
 - Unmodified “clean” opinions – City and NERS
- **GFOA Certificate of Excellence**
 - Awarded for FY2020, applying for FY2021
- **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**
 - no material weaknesses or significant deficiencies over financial reporting noted



Audit Results - continued

- **Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**
 - Single audit to be issued separately



Highlights/New Pronouncements

- New terminology - Annual Comprehensive Financial Report (ACFR) – GASB 98
- GASB 84 - Fiduciary Funds
- Pension bonds of \$210 million issued
 - shown as special item in City's ACFR
 - \$120 million additional contribution to NERS – the Plan's Funding Ratio based on the actuarial valuation of assets/actuarial liability increased to 91% from 77%
 - \$90 million contributed to new pension trust to fund future contributions
- GASB 87 - Leases – effective FYE June 30, 2022



Required Communications

- Accounting estimates
- Financial statement disclosures
 - The City implemented GASB 84, Fiduciary Funds
- Difficulties encountered during the audit
 - Delays in receiving information for audit from component units (NPS and EDA) and the parking enterprise fund resulted in missing the December 15th deadline for submitting the ACFR to the Auditor of Public Accounts
- No material corrected misstatements
- No uncorrected misstatements
- No disagreements with management
- Management representations



Required Communications - continued

- Management consultations with other independent accountants
- Significant issues discussed with management prior to engagement
- Other audit findings or issues
- Audit of group financial statements
- Other information in documents containing audited financial statements
 - Required supplementary information
 - Supplementary information



Questions?

Thank you!

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